

## City Finance Committee Minutes

**May 14, 2016**

City Council Chambers – 8:00 AM

**Present:** Mayor Bouley, Councilors Todd, Herschlag, Kretovic, Champlin, Grady-Sexton, Keach, Nyhan, Kenison, Matson, White-Bouchard, and St. Hilaire.

**Excused:** Councilors Werner, Shurtleff, and Coen.

The Mayor opened the meeting at 8:06 AM and turned the meeting over to City Manager Tom Aspell for presentation of the FY 2017 proposed budget.

City Manager Aspell gave the attached presentation and overview of his proposed budget for FY 2017.

Following the City Manager's presentation, there was a brief discussion about full-time equivalent positions versus the number of employees. Councilor St. Hilaire asked if the City was tracking the hours of part-time employees to ensure that we stay under the 30-hour limit requiring health benefits. Manager Aspell indicated that the Human Resources Department is tracking this very closely and that we have had no violations. City Administration will provide a report to Council that explains how the City is managing this issue.

Councilor Herschlag requested information on building permits, specifically how many are issued for taxable entities versus tax exempt entities. This data will be collected and provided to Councilor Herschlag and the entire City Council at the next Finance Committee Meeting.

As there were no further questions on the City Manager's budget presentation, he began the review of the FY 2017 proposed budget for the General Fund, which includes the General Government, Public Safety, General Services, Community Development, Leisure Services, and Human Services sections of the budget.

Manager Aspell indicated that the budget proposes a total of 460.5 full-time equivalent (FTE) employees, up from 456.98 FTE's in FY 2016, an addition of 3.56 employees. He explained that this increase is due to an increase in hours from 10 to 15 per week for the Victim/Witness Advocate in the City Prosecutor's Office; an increase in hours for the Administrative Technician in the City Clerk's Office from 37.5 per week to 40; two additional full-time Police Officers; staffing changes in the Fire Department resulting in one net reduction; the addition of a Facility Maintenance Supervisor for the Downtown Maintenance Team; the addition of an Economic Development Director position; an additional part-time Library Technician; and the upgrade of the Golf Pro in the Golf Fund that was part of the supplemental appropriation change during FY 2016. There is also a reorganization of the Public Properties Division which results in no net change in positions.

The total General Fund budget is \$59.6 million, an increase of 2.6% or \$1.5 million over the adopted FY 2016 budget.

War service credits and overlay remain the same for FY 2017 for a total of \$60.1 million. Besides property taxes, all other revenues total \$21.9 million.

The amount to raise in taxes is \$38.2 million, an increase of \$1.3 million over FY 2016.

The anticipated assessed value, including estimated real growth of \$14 million, and before any market changes, is \$3.867 billion. This results in an estimated City portion of the tax rate of \$9.88, an increase of \$.28 or 2.92% over the current rate of \$9.60.

FY 2017 insurance costs include a decrease, budget to budget, of 3.9% or \$382,000 for Beneflex and retiree health costs; an increase in workers compensation costs of 5% or \$22,000; an increase in property, liability and auto insurance costs of 6.5% or \$31,000; and a decrease in unemployment insurance costs of 18% or \$8,000.

Property taxes account for \$47,648,038 or 63.2% of all General Fund revenues.

The City has an unassigned fund balance of \$10,171,068 or 19.1% of expenses, just slightly ahead of the City Council's goal of 18.5%. The City has a very strong financial position.

At this time, the Mayor changed the order of the budget review schedule, and asked the City Manager to begin with the Human Services Department.

**HUMAN SERVICES:** FY 2016 expenses are projected to come in under budget by 4.5% or \$38,600. FY 2017 appropriations are proposed to increase by 1.2% or \$9,800 due to wage and benefit changes.

Councilor Grady-Sexton asked what the impacts are to the Human Services Department as a result of cost downshifting from the State. Human Services Director Jackie Whatmough indicated that her biggest concern is with the release of prisoners from the NH State Prison and the future women's prison. She indicated that discharged prisoners have no income and no resources. She also noted that the State no longer provides discharged prisoners with gate money, which was a small amount of money given to them to pay for a bus, or a hotel, or to buy food, etc. Ms. Whatmough shared that she hopes the State will make more of an effort in supporting released women prisoners, as they make up a high portion of homeless families.

As there was no further discussion, the Mayor opened a public hearing on the Human Services budget. There was no public testimony and the public hearing was closed.

A motion was made and seconded to tentatively approve the Human Services budget as proposed. The motion passed with a unanimous voice vote.

**GENERAL GOVERNMENT:** FY 2017 revenues for all General Government departments, plus the new General Overhead section, are up by \$129,300 or .2%. This is mainly a reflection of the supplemental appropriation last December for use of surplus to transfer to reserve funds. FY 2017 expenses are down 4.9% or \$863,000.

***City Manager's Office:*** FY 2017 revenues are down \$90,000, mainly due to the \$75,000 supplemental appropriation revenue for the Abbot-Downing Shattuck Wagon that the City Council purchased in FY 2016.

FY 2017 appropriations are down \$80,800, also mainly due to the purchase of the Shattuck Wagon.

**Legal Department:** Overall, revenues are up 5.2% or \$4,300. A portion of this increase is due to a 1% increase in FY 2017 in the fees charged for prosecutorial services provided to the Towns of Loudon, Bow and Dunbarton.

FY 2017 appropriations, budget to budget, are proposed to increase by 2.4% or \$28,300. This increase is due to the increase in hours for the part-time Victim/Witness Advocate position in the Prosecutor's Office.

The Mayor expressed concern with the reduction in the number of service indicators in the Legal budget narrative, noting that they are not indicative of the heavy work load of the Department. It was noted that the City's reliance on the Legal Department is probably heavier than it's ever been and that the service indicators should reflect this. The Legal Department will revise the service indicators.

**Assessing:** FY 2016 revenues, budget to budget, are projected to be over budget by \$16,600, mainly due to payments in lieu of taxes (PILOTs) being stronger than anticipated. FY 2017 revenues are expected to decrease by 6.5% or \$49,100, mainly due to lower expectations of PILOT revenue from Briar Hydro due to the significant lack of rainfall last year and no snow in early winter; as well as due to Heritage Havenwood Heights tenanting; and the subdivision of the Local Government Center property.

FY 2016 expenses, budget to estimate, are expected to be overspent by \$15,000, mainly due to outside services for abatement and tax/assessing cases, and the need to hire third party appraisal services. FY 2017 appropriations, budget to budget, are projected to decrease by 1% or \$7,200.

The Mayor mentioned the request in the budget for Appraisal and Consulting Services and asked if there was a need for help in Assessing and, if so, why. Manager Aspell indicated that these are services that are needed for specialty areas, like power lines for EverSource or Northern Pass. The City Manager indicated that we traditionally appropriate extra money for outside consulting.

There was also a brief discussion about the Veteran's Exemption bill in the Legislature, which has passed but is not effective for this tax year.

**Human Resources:** FY 2016 revenues are projected to come in on budget. For FY 2017, Medicare Part D revenues are being eliminated due to the change in prescription drug plans for retirees. This reduction in revenues provides a net savings to the community of \$224,100.

FY 2017 appropriations, budget to budget, are up 2.7% or \$13,300 and are due to regular wage and benefit changes.

**Finance:** FY 2016 revenues, budget to estimate, are down by \$378,000, which is commendable since no revenue is posted for the budgetary use of fund balance. FY 2017 revenues, budget to budget, are up \$763,100, and no use of fund balance is used to produce the 8<sup>th</sup> year in a row of a balanced budget.

FY 2016 appropriations, budget to estimate, are up \$31,000, mainly due to staffing and benefit changes. With a recent vacancy that occurred after the budget was prepared, this department will most likely end the year on budget. For FY 2017, appropriations are up 3.3% or \$69,400.

**Information Technology:** Expenses for FY 2016 are down by \$40,600 due to two position vacancies. FY 2017 appropriations, budget to budget, are up 8.7% or \$72,200, mainly due to the full year funding of the position that was added in the FY 2016 budget and the additional services for network penetration testing and two factor authentication procedures.

**City Council:** FY 2016 expenses, budget to estimate, are projected to come in under budget by 3.4% or \$1,500. FY 2017 appropriations, budget to budget, are flat.

**City Clerk:** FY 2016 revenues, budget to budget, are up by 3.2% or \$2,500.

FY 2017 appropriations, budget to budget, are up 3.2% or \$13,700, due to increased hours for the Administrative Technician position.

**General Overhead:** FY 2016 revenues, budget to estimate, are up 9.8% or \$453,900, mainly due to the workers compensation premium holiday and unanticipated revenue reported in the insurance distribution and credit line. FY 2017 revenues, budget to budget, are down 8.9% or \$406,500 due to a reduction in the "Transfer in from Impact Fees" to support debt service; and a reduction in the amount received for retiree health insurance from the NHRS and retirees.

FY 2016 expenses, budget to actual, are down by 4.2% or \$480,700, mainly due to no expenditures in contingency or compensation adjustment. The easy winter kept the contingency in check. Compensation adjustment is budgeted here annually, but expenses are accounted for in the individual departments. FY 2017 expenses, budget to budget, are down 8.5% or \$971,700, due to the reduction in the Transfer Out to Trust line.

FY 2017 debt service, budget to budget, is up \$78,800. This is a reflection of the bonds that were retired in FY 2016 and new bonds added from the January 2016 bond sale.

The FY 2017 compensation adjustment line is up \$171,500 due to collective bargaining agreements that will be out of contract in FY 2017.

City Council contingency for FY 2017, budget to budget, is up by \$10,000.

FY 2017 funding for social services agencies is as follows:

- Funding for Concord Area Transit is up by \$40,000.
- Funding for the Concord Coalition to End Homelessness is eliminated.
- Funding for the Cold Weather Shelter at St. Peter's Church is eliminated, as that was only a one-year program.
- All other funding for social service agencies remains level for FY 2017.

The Mayor opened up a public hearing on the General Government portion of the budget.

Concord resident Roy Schweiker shared concerns about accessing the Citizen Request Tracker module of the City website. He feels it is too time consuming for users to create a user name and password in order to report a concern. He also shared concerns about the City's property valuation process and feels that there should be a map that shows where the real values are. And lastly, he expressed his concerns with burying the utility lines downtown.

Intown Concord Board Member Elyssa Alfieri and Operations Manager Liza Poinier asked the Council to consider increasing their funding from the Manager's proposed amount of \$20,000 to \$45,000. Discussion ensued about what the increased funding would be used for and suggestions were made by Council for alternative ways Intown Concord could raise funds. The Mayor noted that many of the things Intown Concord wants to use the money for are things the City Manager has budgeted for (like banners, façade improvements, lighting). The Mayor suggested that events are what drive commerce and that is what he would like to see Intown Concord focusing on more.

As there was no further testimony, the public hearing was closed.

At this time, Rule 6A was invoked for the following Council members:

- Councilor Kretovic for the vote regarding Intown Concord;
- Councilor Bouchard for the vote regarding Intown Concord;
- Councilor Grady-Sexton for the vote regarding the Crisis Center of Central NH; and
- Mayor Bouley for the vote regarding the Crisis Center of Central NH.

A motion was made and seconded to tentatively approve the General Government portion of the budget as proposed. The motion passed with a unanimous voice vote.

**PUBLIC SAFETY:** FY 2017 appropriations, budget to budget, are up 2.9% or \$703,400. Public Safety represents 47% of the entire General Fund budget, minus debt service and capital outlay.

***Police Department:*** FY 2016 revenues, budget to estimate, will come in flat. FY 2017 revenues, budget to budget, are projected to decrease by 2.2% or \$15,600, mainly due to a reduction in the Transfer-in from Trust supplemental appropriation in FY 2016 that was used to upgrade the security card access system.

FY 2017 appropriations, budget to budget, are up 3.1% or \$348,100, due to the addition of two police officer positions and other wage and benefit increases.

Recommended funding changes include:

- (\$90,000) by managing existing vacancies
- \$159,000 for the addition of two police officer positions
- \$10,000 for drug buy money
- \$165,000 capital for vehicle replacements
- \$410,000 for communications equipment
- \$40,000 for handgun replacement

This concluded the review of the Police Department budget.

Councilor St. Hilaire asked what happens to the old handguns once they are replaced. Police Chief Brad Osgood indicated that the price for the new handguns includes a trade-in allowance.

Discussion ensued about the number of vacancies in the Police Department, the challenge of filling vacancies, and attrition planning for staff members that are eligible or soon to be eligible for retirement.

Councilor Herschlag expressed his concern with the POP Unit being suspended due to staffing shortages, noting that the POP Unit is very helpful and the matter of staffing isn't going to be resolved anytime soon. He suggested there be some cross training so that other officers can continue the work of the POP Unit.

Councilor Kenison indicated that she went on a ride along the night before and was very impressed with the officer's relationships and engagement with the community.

Manager Aspell mentioned an FY 2017 unfunded Program Change Request (PCR) in the amount of \$10,000 for a new speed trailer. Subsequent to the budget being completed, the Police Department found a speed trailer for the price of \$5,800, which comes with a 50% grant. Manager Aspell asked for the Council's support in spending \$2,900 to purchase the trailer, without affecting the tax rate. The Mayor indicated his support.

As there was no further discussion, the Mayor opened a public hearing on the Police budget. There was no testimony and the public hearing was closed.

A motion was made and seconded to tentatively approve the Police Department budget as proposed. The motion passed with a unanimous voice vote.

**Fire Department:** FY 2016 revenues, budget to estimate, are expected to increase by 12.4% or \$302,156, due to additional ambulance service charges. FY 2017 revenues, budget to budget, are up 4.6% or \$114,500, also due to higher projections of ambulance service charges.

FY 2016 appropriations are projected to come in under budget by 3.5% or \$456,400, mainly due to wage and benefit costs associated with vacancies and management of overtime. FY 2017 appropriations are up \$355,300 due to costs associated with contractual wage and benefit changes.

Also included in this budget is the reorganization of the Fire Department command staff to improve succession planning and improve training programs. While there will be a net reduction of one full-time position, any additional savings that are realized during FY 2017 will be allocated for training purposes.

There is also \$550,000 appropriated in the Capital budget for the replacement of Engine #7.

Other recommended funding changes include:

- \$115,000 for other vehicle replacements, including a forestry vehicle and the Chief's vehicle;
- \$200,000 to replace the roof on the Manor Station;

- \$190,000 for the second phase of communications equipment replacement;
- \$25,000 for the replacement of a fire boat;
- \$20,000 for fire alarm system improvements; and
- \$20,000 for firefighting protective clothing replacement.

Discussion ensued about the potential future need to purchase an additional ambulance, as EMS calls are up considerably and will continue to increase due to our aging population. The Mayor strongly recommended that the City Manager analyze the need for an additional ambulance in the future and plan accordingly.

There was also a brief discussion about the reorganization of the Fire Department and what it would entail. Manager Aspell indicated that the reorganization will improve front line positions and that both Fire unions are in support.

As there was no further discussion, the Mayor opened a public hearing on the Fire Department budget.

Concord resident Roy Schweiker expressed his pleasure that the City will be looking into the need for a new ambulance. He stated that he feels the Fire Department is sending out far too much mutual aid. He suggested the City consider Fire Department staffing based on times of more need, as opposed to level staffing all year. He also suggested the City transition the Fire Alarm/Traffic Signal Technician position to the General Services Department.

As there was no further testimony, the public hearing was closed.

A motion was made and seconded to tentatively approve the Fire Department budget as proposed. The motion passed with a unanimous voice vote.

**GENERAL SERVICES:** FY 2016 revenues, budget to estimate, are flat. FY 2017 revenues are up 6% or \$43,770, mainly due to transfer in from the Sears Block TIF to fund the new downtown services staff person and inventory markup for the fuel that is purchased by the school districts.

FY 2016 appropriations, budget to estimate, are down 3.1% or \$275,400, mainly due to the easy winter. FY 2017 appropriations, budget to budget, are up 1.8% or \$157,000, mainly due to wage and benefit changes.

Other recommended items to be funded include:

- \$5,000 for the use of a contract tree service crane, as needed;
- \$23,725 for additional downtown services staff after reimbursement from Sears Block TIF;
- \$13,500 for road striping;
- \$7,275 to upgrade the HVAC management system;
- \$20,000 to repair the Audi ceiling;
- \$300,000 capital for COMF facility improvements; and
- \$885,000 capital for annual vehicle replacement.

The FY 2017 budget for downtown services is up by \$93,618 due to full year funding of the positions and supplies approved in FY 2016 and the additional downtown services staff for FY 2017.

FY 2017 appropriations for snow and ice control are up by 3.1% or \$40,200 due to wage and benefit increases and salt/sand supply increases.

The Mayor opened a public hearing on the General Services budget.

Concord resident Roy Schweiker stated that the tax payers shouldn't have to pay for downtown services. He suggested that downtown services be maintained by part-time employees and be paid for by the downtown merchants. He also expressed his dissatisfaction that leaf collection is done 5 times in the spring and only once in the fall.

As there was no further public testimony, the public hearing was closed.

A motion was made and seconded to tentatively approve the General Services budget as proposed. The motion passed with a unanimous voice vote.

**COMMUNITY DEVELOPMENT:** FY 2016 revenues, budget to actual, are down 2.5% or \$33,700, due to a lower than anticipated transfer from the Forestry Trust. FY 2017 revenue, budget to budget, is up by 1.4% or \$191,800 due to increased building permits.

FY 2016 expenditures, budget to estimate, are down 1% or \$22,800, due to wage and benefit savings. FY 2017 appropriations, budget to budget, are up by \$195,600 due to wage and benefit changes; the addition of a new permitting software maintenance contract; realigned Code Administration support; and Heritage Commission photo documentation support.

Manager Aspell provided an overview of his vision for the proposed Economic Development Director position. Several City Councilors and the Mayor expressed their strong support for this position.

As there was no further discussion, the Mayor opened a public hearing on the Community Development budget.

Concord resident Roy Schweiker indicated that he does not support the creation of the Economic Development Director position and feels that the City already has staff that can and should be doing this work.

As there was no further testimony, the public hearing was closed. A motion was made and seconded, and the Community Development budget was tentatively approved on a voice vote.

**LEISURE SERVICES:** Budget to budget, appropriations are up 1.9% or \$86,300.

***Library:*** FY 2016 revenues, budget to estimate; and FY 2017 revenues, budget to budget, are flat.

FY 2017 appropriations, budget to budget, are up 4% or \$66,200.



Funds are provided for the following:

- \$17,600 for a new part-time Library Technician position;
- \$105,000 to replace the Library automation system;
- \$23,200 to the first floor self-check unit;
- \$40,000 for HVAC improvements; and
- \$30,000 for interior finish and carpet upgrades.

The Mayor opened a public hearing on the Library budget. As there was no public testimony, the public hearing was closed.

A motion was made and seconded to tentatively approve the Library budget as proposed. The motion passed with a unanimous voice vote.

***Parks & Recreation:*** FY 2016 revenues, budget to estimate, are down 19.9% or \$183,000, mainly due to lower than expected programs, camps and facility lease revenues. FY 2017 revenues, budget to budget, are down 18.8% or \$172,600 for the same reason.

FY 2016 expenditures, budget to estimate, are down by 4.3% or \$116,800 as a direct correlation to the reduction in revenue from programs and camps. FY 2017 appropriations, budget to budget, are up \$20,100, mainly due to wage and benefit changes.

Other programs that are supported by this budget are:

- \$900,000 to replace the White Park Skate House;
- \$60,000 to repoint the stonewall at Rollins Park;
- \$15,000 to replace the softball field backstop at Merrill Park;
- \$425,000 to replace the Kimball Park Pool;
- \$15,000 to replace the heating system at the West Street Ward House; and
- \$65,000 for road repairs at Maple Grove Cemetery.

Councilor Nyhan mentioned the unfunded \$8,000 Program Change Request for the lining of pickleball courts at Beaver Meadow School and suggested the City do the lining itself. The City Manager will arrange for this to be done.

Discussion ensued about the proposed location of the new White Park Skate House. Manager Aspell indicated that designs would be presented soon; and he assured the Council that there will be public hearings and neighborhood meetings leading up to the implementation of the project.

Discussion also took place about paving of the parking lots at Beaver Meadow Golf Course and the Everett Arena. Tom noted that both are scheduled in the CIP for FY 2018. The City will be assessing the Arena parking lot to determine if the whole lot needs to be paved; if green space for parking is an option; and tying any recommendations into other possible events/uses at the Arena that could bring additional revenue to the Arena fund.

As there was no further discussion, the Mayor opened a public hearing on the Parks & Recreation budget. There was no testimony and the public hearing was closed.

A motion was made and seconded to tentatively approve the Parks & Recreation budget as proposed. The motion passed with a unanimous voice vote.

With no other discussion, a motion was made and seconded to adjourn the meeting. The motion passed with a unanimous voice vote and the meeting was adjourned at 12:30 PM.

Respectfully submitted,  
Sue Stevens, Executive Assistant